

November 14, 2016

The Honorable Ken Horn, Chairman
Senate Economic Development Committee
Michigan State Senate
P.O. Box 30036
Lansing, MI 48909

Dear Chairman Horn:

Southwest Michigan First, along with the members of the Michigan Jobs Coalition, strongly support Senate Bills 1153, 1154 and 1155 which create a Personal Income Tax (PIT) withholding abatement to promote the attraction and expansion of high-wage jobs in Michigan.

Over the last five years Michigan has made great progress at becoming a more attractive state for business, but we must constantly look for ways to remain competitive with our peer states. As the regional economic catalyst, we see firsthand how competing states view incentives as an essential tool for creating jobs and net new revenue – not as a cost – and how they treat economic development as a non-partisan issue. Michigan is one of only two states that has a corporate income tax and offers no tax credits. Competing states, such as Georgia, Indiana, Iowa, Kentucky, Ohio, South Carolina, Tennessee and Texas offer up to seven times more incentives than Michigan. All of these states and many others have business climates as good as Michigan's and have stronger economic development tools than we have.

Senate Bills 1153-55 will help Michigan level the playing field. The proposal is similar to programs in competitor states that use the Personal Income Tax generated from new job creation as an incentive. However, this proposal will be in the form of a tax abatement rather than a refundable tax credit.

Key elements of SB 1153-55:

- Simplicity | instead of sending a tax check to the state and the state sending a check back, companies simply keep the taxes that would have otherwise been paid.
- Performance-based | an abatement can only be taken if the jobs are produced and maintained.
- Predictability | the jobs would not have come if not for the incentive, so it's not revenue the state was counting on for budgeting purposes.
- Transparency | details of the program are publicly disclosed.

We urge the committee's support of this important economic development tool that will help Michigan build on the progress and momentum of the last five years.

Always Forward.



Ron Kitchens
chief executive officer
Southwest Michigan First